

6300 State Contributions to the State Teachers' Retirement System

The state makes General Fund payments to the California State Teachers' Retirement System (CalSTRS).

Effective July 1, 2003, the annual General Fund contribution to the CalSTRS Defined Benefit Program is based on 2.017 percent of members' creditable earnings of the fiscal year ending in the immediately preceding calendar year. Current law also provides for an additional state contribution when the State Teachers' Retirement Fund has a normal cost deficit or unfunded obligation for benefits that were in place on July 1, 1990. This contribution is 0.524 percent of members' creditable earnings of the fiscal year ending in the immediately preceding calendar year. If the unfunded obligation continues, the 0.524 percent factor may be adjusted upwards annually in increments of no more than 0.25 percent and is capped at 1.505 percent of members' creditable earnings of the fiscal year ending in the immediately preceding calendar year. The state contributions are not appropriated through the annual Budget Act.

The Supplemental Benefit Maintenance Account (SBMA), established in 1989, provides annual supplemental payments (in quarterly installments) to members whose purchasing power has fallen below a specified percent of the original purchasing power allowance. Chapter 751, Statutes of 2008 (AB 1389) increased the amount of supplemental purchase power protection payments from the SBMA to up to 85 percent of the value of the original benefit. The CalSTRS Board is required to set SBMA benefits between an amount necessary to preserve 80 to 85 percent of retirees' purchasing power pursuant to CalSTRS regulations and subject to the availability of funds. The General Fund provides a statutory transfer to the SBMA of an amount equal to 2.5 percent of the members' creditable earnings of the fiscal year ending in the immediately preceding calendar year, less a specified amount that is currently capped at \$72 million. Payments are made on October 15 and April 15 of each year. If, at anytime, the funds in the SBMA are insufficient to support 80 percent purchasing power, the CalSTRS Board can: (1) transfer funds from the Teachers' Retirement Fund if no CalSTRS unfunded obligation exists, (2) increase employer contributions, or (3) reduce the SBMA benefit payment. The state's contributions are not appropriated through the annual Budget Act.

3-YR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
10 Benefits Funding	-	-	-	\$653,364	\$717,912	\$777,443
20 Supplemental Benefits Maintenance	-	-	-	605,764	584,783	580,251
30 SBMA Interest Payment	-	-	-	56,980	56,980	-
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	-	-	-	\$1,316,108	\$1,359,675	\$1,357,694
FUNDING				2011-12*	2012-13*	2013-14*
0001 General Fund				\$1,316,108	\$1,359,675	\$1,357,694
TOTALS, EXPENDITURES, ALL FUNDS				\$1,316,108	\$1,359,675	\$1,357,694

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code, Title 1, Division 1, Part 13, Chapter 16.

DETAILED BUDGET ADJUSTMENTS

	2012-13*			2013-14*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Increase Pursuant to Pre-1990 Benefit Levels	\$-	\$-	-	\$63,187	\$-	-
• Decrease in DB Payment due to Revised Creditable Compensation	-	-	-	-3,656	-	-
• Decrease in SBMA Payment due to Revised Creditable Compensation	-	-	-	-4,531	-	-
• Completion of Interest Payment on SBMA Lawsuit	-	-	-	-56,980	-	-
Totals, Other Workload Budget Adjustments	\$-	\$-	-	-\$1,980	\$-	-
Totals, Workload Budget Adjustments	\$-	\$-	-	-\$1,980	\$-	-
Totals, Budget Adjustments	\$-	\$-	-	-\$1,980	\$-	-

* Dollars in thousands, except in Salary Range.

6300 State Contributions to the State Teachers' Retirement System - Continued

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

2 LOCAL ASSISTANCE	2011-12*	2012-13*	2013-14*
0001 General Fund			
APPROPRIATIONS			
Education Code Section 22955(a) (Benefits Funding)	\$653,364	\$717,912	\$777,443
Education Code Section 22954 (Supplemental Benefit Maintenance Account)	605,764	584,783	580,251
Education Code Section 22954.5 (Supplemental Benefit Maintenance Account - Interest Payment)	56,980	56,980	-
TOTALS, EXPENDITURES	<u>\$1,316,108</u>	<u>\$1,359,675</u>	<u>\$1,357,694</u>
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$1,316,108	\$1,359,675	\$1,357,694

* Dollars in thousands, except in Salary Range.